

**REPORT OF THE AUDIT OF THE  
OLDHAM COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2004**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE OLDHAM COUNTY FISCAL COURT**

**June 30, 2004**

The Auditor of Public Accounts has completed the audit of the Oldham County Fiscal Court for fiscal year ended June 30, 2004. We have issued an unqualified opinion on the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

We did not audit the financial statements of the Oldham County Sewer District, a discretely presented component unit. Other auditors audited those financial statements, and our opinion, insofar as it relates to the amounts included for the Oldham County Sewer District, is based on the report of the other auditors.

#### **Financial Condition:**

The fiscal court had total net assets of \$21,712,437 as of June 30, 2004. The fiscal court had unrestricted net assets of \$6,756,389 in its governmental activities as of June 30, 2004, with total net assets of \$21,705,086. In its enterprise fund, total net cash and cash equivalents were \$7,351 with total net assets of \$7,351. The fiscal court's discretely presented component units had net assets of \$3,061,590 as of June 30, 2004. The discretely presented component units had net cash and cash equivalents of \$321,272. The fiscal court had total debt principal as of June 30, 2004 of \$11,471,000 with \$519,000 due within the next year. The discretely presented component units had total debt principal as of June 30, 2004 of \$4,466,790 with \$726,790 due within the next year.

#### **Report Comment:**

- Grant To Encourage Arrest Policies And Enforcement Of Protection Orders Program Receipt And Expenditure Not Budgeted

#### **Deposits:**

The fiscal court and component units' deposits were insured and collateralized by bank securities or bonds.



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
OLDHAM COUNTY OFFICIALS .....	3
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	4
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS.....	15
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	18
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS .....	23
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS .....	26
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	31
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS .....	35
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS .....	39
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS.....	43
STATEMENT OF FIDUCIARY NET ASSETS.....	47
NOTES TO FINANCIAL STATEMENTS.....	49
BUDGETARY COMPARISON SCHEDULES .....	67
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....	70
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS.....	72
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS.....	76
COMMENT AND RECOMMENDATION.....	81
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	85
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Mary Ellen Kinser, Oldham County Judge/Executive

Members of the Oldham County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oldham County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Oldham County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oldham County Sewer District, a discretely presented component unit, which represents 100 percent of the assets and revenues of the discretely presented component unit opinion unit. Other auditors whose report thereon has been furnished to us audited those financial statements, and our opinion, insofar as it relates to the amounts included for the Oldham County Sewer District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

As described in Note 1, Oldham County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oldham County, Kentucky, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Mary Ellen Kinser, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

The county has implemented Governmental Accounting Standards Board Statements 33, 34, and 37 as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oldham County, Kentucky's basic financial statements. The accompanying supplementary information and combining fund financial statements are presented for additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2005 on our consideration of Oldham County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- Grant To Encourage Arrest Policies And Enforcement Of Protection Orders Program Receipt And Expenditure Not Budgeted

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
January 10, 2005



## OLDHAM COUNTY OFFICIALS

For The Year Ended June 30, 2004

### **Fiscal Court Members:**

Mary Ellen Kinser	County Judge/Executive
Paula Gish	Magistrate
Beverly McCombs	Magistrate
Robert F. Leslie	Magistrate
Stephen Greenwell, Sr.	Magistrate
Duane Murner	Magistrate
Bill Tucker	Magistrate
Rick Rash	Magistrate
Robert Deibel, Jr.	Magistrate

### **Other Elected Officials:**

John R. Fendley	County Attorney
Mike Simpson	Jailer
Ann B. Brown	County Clerk
Linda Mason	Circuit Court Clerk
Steve Sparrow	Sheriff
Ron Winters	Property Valuation Administrator
Brett Donner	Coroner

### **Appointed Personnel:**

Amy B. Alvey	County Treasurer
Chris Hovan	Finance Officer



# MARY ELLEN KINSER

OLDHAM COUNTY JUDGE-EXECUTIVE

502-222-9357 FAX 502-222-3210  
MEKINSER@OLDHAMCOUNTY.NET

100 WEST JEFFERSON STREET  
LAGRANGE, KENTUCKY 40031

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## Management's Discussion and Analysis

June 30, 2004

The financial management of Oldham County, Kentucky offers readers of Oldham County's financial statements this narrative overview and analysis of the financial activities of Oldham County for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our financial statements and the notes to the financial statements.

### Financial Highlights

- The assets of Oldham County exceeded its liabilities at the close of the June 30, 2004 fiscal year by \$21,712,437 (net assets). Of this amount, \$6,756,389 (unrestricted net assets) may be used to meet the government's ongoing governmental activities obligations to its citizens and creditors.
- As of the close of the current fiscal year, Oldham County governmental funds reported a combined ending fund balance of \$7,010,531. Of this amount, \$6,959,332 is available for spending at the government's discretion (unreserved fund balance).
- Oldham County's total indebtedness at the close of Fiscal Year June 30, 2004 was \$11,471,000. This amount includes debt service of \$2,249,507 for the Courthouse that is paid directly by Administrator of the Court (AOC).

### Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to Oldham County's basic financial statement. Oldham County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GASB 34 requires management to include certain comparison schedules when they are available. These schedules include prior and current comparisons of general revenues by major source, and program expenses by function. This is the first year of implementation and these schedules will be present next year.

Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)

**Government-wide Financial Statements.** The government wide financial statements are designed to provide readers with a broad overview of Oldham County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on Oldham County's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Oldham County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing of recognizing revenues, expenses, and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund financial statements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenue (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Oldham County's governmental activities include general government, roads, jail, local government economic assistance, 911 dispatch, road maintenance, dispatch escrow, homeland security and local emergency planning committee. The county has only one business type activity-the operation of the jail canteen.

The government wide financial statements include not only Oldham County itself (known as the primary government), but also legally separate entities, which have a significant operational or financial relationship with the County. Oldham County has two such entities, the Public Facilities Construction Corporation and the Oldham County Sewer District. The Public Facilities Construction Corporation is known as a blended component unit and the Oldham County Sewer District is known as a discretely presented component unit.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Oldham County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements. All of the funds of Oldham County can be divided into three broad categories: *governmental funds, proprietary funds, and fiduciary funds.*

Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Oldham County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Road, and Jail Funds. Combining financial statements are presented for the Local Government Economic Assistance, Central Dispatch, Homeland Security, Sheriff's Federal Grant, Public Facilities Construction Corporation, Local Emergency Planning Committee, and the County Police Accounts Funds.

Oldham County adopts an annual appropriated budget for its three major governmental funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their budgets.

**Proprietary Funds.** Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund.

**Fiduciary Funds.** Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. Oldham County's agency fund accounts for monies held by the Planning and Zoning Commission for custodial purposes only.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)

**Table 1**  
**Oldham County's Net Assets**

	Governmental Activities	Primary Government Business –Type Activities	Totals
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 7,010,531	\$ 7,351	\$7,017,882
Notes Receivable	70,000		70,000
Total Current Assets	7,080,531	7,351	7,087,882
<b>Noncurrent Assets:</b>			
Notes Receivable	3,740,000		3,740,000
Capital Assets-Net of Accumulated Depreciation			
Construction in Progress	39,840		39,840
Land and Land Improvements	1,225,911		1,225,911
Buildings	13,318,880		13,318,880
Building Improvements	252,783		252,783
Vehicles	866,246		866,246
Equipment	909,570		909,570
Infrastructure	5,742,325		5,742,325
<b>Total Noncurrent Assets</b>	26,095,555		26,095,555
<b>Total Assets</b>	33,176,086	7,351	33,183,437
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Current portion of financing obligations and bonds payable	519,000		519,000
<b>Noncurrent Liabilities:</b>			
Long-term portion of financing obligations and bonds payable	10,952,000		10,952,000
<b>Total Liabilities</b>	11,471,000		11,471,000
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$10,884,555		\$10,884,555
Restricted For:			
Debt Service	4,001,328		4,001,328
Grant Projects	62,814		62,814
Unrestricted	6,756,389	7,351	6,763,740
<b>Total Net Assets</b>	\$ 21,705,086	\$ 7,351	\$ 21,712,437

**Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)**

**Financial Analysis of the County's Funds**

As noted earlier, Oldham County uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements.

*Governmental Funds Overview.* The focus of Oldham County's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the June 30, 2004 fiscal year, the combined ending fund balance of County governmental funds was \$7,010,531. Approximately 99% (\$6,959,332) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of specific funds. The remainder of the fund balance (\$51,199) is reserved.

The County has three major governmental funds and seven non-major governmental funds. The major funds are 1) General Fund; 2) Road Fund; 3) Jail Fund. The non-major funds are 1) LGEA Fund; 2) Central Dispatch Fund; 3) Homeland Security Fund; 4) Local Emergency Planning Committee; 5) Public Facilities Construction Corporation Fund; 6) Sheriff's Federal Grant Fund; and 7) County Police Accounts Fund.

1. The General Fund is the chief operating fund of Oldham County. At the end of the June 30, 2004 fiscal year, unreserved fund balance of the General Fund was \$3,975,972. The county received \$2,669,748 in real and personal property tax revenue. This accounts for approximately 30% of the general fund revenue. \$1,423,282 was received from insurance premium tax and accounts for 16% of revenues. \$702,896 was received from Planning & Zoning/Building and Inspections Department accounting for 8% of revenues as well as the \$565,000 donation from the Bluegrass Generation Corp. for 6% of revenues. The remaining 40% is made up various other taxes and service fees charged by the county.
2. The Road Fund is the fund related to county road construction and maintenance. The Road Fund had a balance of \$2,715,876 at June 30, 2004. The previous year ending fund balance was \$2,511,936. That is an increase of \$203,940. The fiscal year 2004 expenditures were \$1,366,825 compared to \$1,742,170 in expenditures for fiscal year 2003. The Road Maintenance account is specifically used for road improvements. All revenue is from interest earned. The balance was \$1,782,236 at June 30, 2004 and was included in the Road Fund year-end balance.
3. The Jail Fund is used to account for the operation of the County's detention center. The Jail Fund had a balance of \$5,214 at June 30, 2004. The Jail fund received \$655,407 for housing non-county inmates (state, federal, other counties). The Oldham County inmate per diem was raised from \$10 to \$30 per day generates more revenue and offset the jail expenses. The General Fund contributed \$406,250 to the jail operations.

**Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)**

**Financial Analysis of the County's Funds (Continued)**

4. The Local Government Economic Assistance Fund is mainly used as a grant flow through account and for economic development. The LGEA fund had a balance of \$84,204 at June 30, 2004.
5. Central Dispatch Fund accounts for the operation of the emergency 911 center. Actual revenue is derived from a 911-telephone surcharge, and total revenue was \$498,891. The General Fund contributed \$193,606 to the dispatch operations. The OCD Fund had a balance of \$31,556 at June 30, 2004. This amount includes the OCD Escrow balance of \$966.
6. Homeland Security Fund is specifically used to track Federal and State Homeland Security Grants. The fund balance was \$218 at June 30, 2004.
7. The Local Emergency Planning Committee Fund (LEPC) balance was \$6,195 at June 30, 2004.
8. The Sheriff's Federal Grant Fund had revenues and expenses of \$225,000. The balance was \$0 at June 30, 2004.
9. The County Police Accounts Fund had a fund balance of \$51,199 at June 30, 2004.
10. The county's blended component unit, Public Facilities Construction Corporation had a fund balance of \$140,097 at June 30, 2004.

*Proprietary Funds Overview.* The County's proprietary fund statements provide the same type of information found in the business-type activities column of the government-wide statements, but in more detail.

Oldham County has one enterprise fund, the Jail Canteen Fund. The Jail Canteen Fund had a cash balance of \$7,351 at June 30, 2004.

*Fiduciary Funds Overview.* The County's fiduciary fund statements provide information on the Planning and Zoning Bond Escrow Fund, which is an agency fund. The cash held in this fund does not belong to the County and is held in a custodial nature only.

**General Fund Budgetary Highlights.**

The County's original budget was amended during the fiscal year increasing the operating budget by \$238,584. Budget amendments were made to all areas due to insurance reimbursements and grants.

Actual operating revenues were \$1,075,002 more than originally budgeted by Fiscal Court. This increase was primarily from Intergovernmental sources and tax revenues.

Actual operating expenditures were \$655,082 less than amount originally budgeted by Fiscal Court.

**Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)**

**Capital Assets and Debt Administration.**

*Capital Assets.* Oldham County's investment in capital assets for its government and business activities as of June 30, 2004, amounts to \$22,355,555 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and building improvements, improvements to land other than buildings, equipment, vehicles, and infrastructure.

Major capital asset events during the 2004 Fiscal Year included the completion of the Fiscal Court Building Addition Project and the paving of county roads, purchase of new police vehicles, road equipment and dump trucks.

**Table 2  
Oldham County's Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities	Business –Type Activities	Totals
Capital Assets-Net of Accumulated Depreciation			
Construction in Progress	\$ 39,840		\$ 39,840
Land and Land Improvements	1,225,911		1,225,911
Buildings	13,318,880		13,318,880
Building Improvements	252,783		252,783
Vehicles	866,246		866,246
Equipment	909,570		909,570
Infrastructure Assets	5,742,325		5,742,325
Total Net Capital Assets	<u>\$22,355,555</u>		<u>\$22,355,555</u>

**Long-term Debt.** At the end of the 2004 fiscal year, Oldham County had a total long-term debt outstanding of \$11,471,000. The amount of this debt due within the next year is \$519,000 and \$10,952,000 due in subsequent years. This debt is for the John W. Black Community/Aquatic Center, Fiscal Court Building Renovation Project, Courthouse Renovation Project (AOC) and Fiscal Court Building Addition.

**Short-term Debt.** The county has no short-term debt.

**Other matters.** The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2004-2005 fiscal year budget:

- The 2004-2005 fiscal year Adopted Budget continues most services at current levels with the exception for which federal or state funding is decreasing or for projects that have been completed or are nearing completion.
- Program cuts at the State level, particularly relating to the cost of housing prisoners, may have a negative impact on funding other county programs. The cost of housing state inmates exceeds the amount reimbursed to the counties for cost. The Fiscal Court may decide to alter the operations or funding of County operations impacted by State revenue shortfalls.



**Oldham County  
Management's Discussion and Analysis  
June 30, 2004  
(Continue)**

**Requests For Information**

This financial report is designed to provide a general overview of Oldham County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Oldham County Treasurer, Amy Alvey, 100 West Jefferson Street, LaGrange, Kentucky, 40031.

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**OLDHAM COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2004**



**OLDHAM COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2004**

	Primary Government			Component
	Governmental	Business-Type	Totals	Unit
	Activities	Activities		Oldham County Sewer District
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 7,010,531	\$ 7,351	\$ 7,017,882	\$ 321,272
Certificate of Deposit				458,541
Note Receivable	70,000		70,000	
Total Current Assets	7,080,531	7,351	7,087,882	779,813
Noncurrent Assets:				
Note Receivable	3,740,000		3,740,000	
Capital Assets				
Construction In Progress	39,840		39,840	256,800
Land and Land Improvements	1,225,911		1,225,911	108,700
Buildings	15,852,481		15,852,481	
Building Improvements	294,157		294,157	
Vehicles	2,417,297		2,417,297	33,625
Equipment	1,546,456		1,546,456	86,813
Infrastructure	9,379,681		9,379,681	
Sewer Distribution System				
Treatment Plant				6,938,469
Less: Accumulated Depreciation	(8,400,268)		(8,400,268)	(675,840)
Total Noncurrent Assets	26,095,555		26,095,555	6,748,567
Total Assets	33,176,086	7,351	33,183,437	7,528,380
<b>LIABILITIES</b>				
Current Liabilities:				
Line of Credit				656,790
General Obligation Bonds Payable	120,000		120,000	
Revenue Bonds Payable	250,000		250,000	
Financing Obligations Payable	149,000		149,000	70,000
Total Current Liabilities	519,000		519,000	726,790
Noncurrent Liabilities:				
General Obligation Bonds Payable	2,825,000		2,825,000	
Revenue Bonds Payable	3,740,000		3,740,000	
Financing Obligations Payable	4,387,000		4,387,000	3,740,000
Total Noncurrent Liabilities	10,952,000		10,952,000	3,740,000
Total Liabilities	11,471,000		11,471,000	4,466,790
<b>NET ASSETS</b>				
Invested in Capital Assets,				
Net of Related Debt	10,884,555		10,884,555	2,938,567
Restricted For:				
Debt Service	4,001,328		4,001,328	
Grant Projects	62,814		62,814	
Unrestricted	6,756,389	7,351	6,763,740	123,023
Total Net Assets	\$ 21,705,086	\$ 7,351	\$ 21,712,437	\$ 3,061,590

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**

**OLDHAM COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

<b>Functions/Programs Reporting Entity</b>	<b>Expenses</b>	<b>Program Revenues Received</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 3,685,939	\$ 1,077,907	\$ 744,793	\$
Protection to Persons and Property	3,935,067	805,263	563,018	
General Health and Sanitation	531,378	116,347	20,361	
Social Services	41,784		40,667	
Recreation and Culture	660,121	280,803		933,526
Roads	1,403,575	60,195	1,025,799	
Interest On Long-Term Debt	386,525			
Capital Projects	2,698,991			
Total Governmental Activities	<u>13,343,380</u>	<u>2,340,515</u>	<u>2,394,638</u>	<u>933,526</u>
Business-type Activities:				
Jail Canteen	75,307	71,422		
Total Business-type Activities	<u>75,307</u>	<u>71,422</u>		
Total Primary Government	<u>\$ 13,418,687</u>	<u>\$ 2,411,937</u>	<u>\$ 2,394,638</u>	<u>\$ 933,526</u>
<b>Component Unit:</b>				
Oldham County Sewer District	<u>\$ 1,844,752</u>	<u>\$ 1,268,618</u>	<u>\$ 781,162</u>	

**General Revenues:**

Taxes:  
    Real Property Taxes  
    Personal Property Taxes  
    Motor Vehicle Taxes  
    Other Taxes  
Excess Fees  
Unrestricted Investment Earnings  
Miscellaneous Revenues  
Gain on Sale of Vehicles  
Investment Income

Total General Revenues and Transfers  
Change in Net Assets  
Net Assets - Beginning (Restated)  
Net Assets - Ending

The accompanying notes are an integral part of the financial statements.



**OLDHAM COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Component Unit</b>
\$ (1,863,239)	\$	\$ (1,863,239)	\$
(2,566,786)		(2,566,786)	
(394,670)		(394,670)	
(1,117)		(1,117)	
554,208		554,208	
(317,581)		(317,581)	
(386,525)		(386,525)	
(2,698,991)		(2,698,991)	
(7,674,701)		(7,674,701)	
	(3,885)	(3,885)	
	(3,885)	(3,885)	
(7,674,701)	(3,885)	(7,678,586)	
			205,028
2,889,875		2,889,875	
90,949		90,949	
409,322		409,322	
2,875,674		2,875,674	
296,175		296,175	
121,046		121,046	
868,013		868,013	
11,642		11,642	
			19,276
7,562,696		7,562,696	19,276
(112,005)	(3,885)	(115,890)	224,304
21,817,091	11,236	21,828,327	2,837,286
\$ 21,705,086	\$ 7,351	\$ 21,712,437	\$ 3,061,590

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2004**



**OLDHAM COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2004**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,975,972	\$ 2,715,876	\$ 5,214	\$ 313,469	\$ 7,010,531
Total Assets	<u>\$ 3,975,972</u>	<u>\$ 2,715,876</u>	<u>\$ 5,214</u>	<u>\$ 313,469</u>	<u>\$ 7,010,531</u>
<b>FUND BALANCES</b>					
Reserved:					
Special Revenue Fund	\$	\$	\$	\$ 51,199	\$ 51,199
Unreserved:					
General Fund	3,975,972				3,975,972
Special Revenue Funds		2,715,876	5,214	122,173	2,843,263
Debt Service Fund				140,097	140,097
Total Fund Balances	<u>\$ 3,975,972</u>	<u>\$ 2,715,876</u>	<u>\$ 5,214</u>	<u>\$ 313,469</u>	<u>\$ 7,010,531</u>

**Reconciliation of the Balance Sheet - Governmental Funds To The Statement Of Net Assets**

Total Fund Balances	\$ 7,010,531
Amounts reported for governmental activities in the statement of net assets are different because:	
Notes receivable reported in governmental activities is not a current financial resource	3,810,000
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,755,823
Accumulated Depreciation	(8,400,268)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Financing Obligations	(4,536,000)
Revenue Bonds	(3,990,000)
General Obligation Bonds	(2,945,000)
Net Assets Of Governmental Activities	<u>\$ 21,705,086</u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>REVENUES</b>			
Taxes	\$ 5,199,854	\$ 374,912	\$
Excess Fees	296,175		
Licenses and Permits	743,299	5,100	
Intergovernmental	699,248	1,025,799	803,320
Charges for Services	571,013	110,195	131,461
Miscellaneous	908,196	3,726	26,286
Interest	68,776	51,033	136
Total Revenues	<u>8,486,561</u>	<u>1,570,765</u>	<u>961,203</u>
<b>EXPENDITURES</b>			
General Government	2,178,883		
Protection to Persons and Property	2,056,285		1,104,366
General Health and Sanitation	509,216		
Social Services	37,185		
Recreation and Culture	638,218		
Roads		1,254,446	
Debt Service	400,051		
Capital Projects	1,731,711		
Administration	<u>1,374,967</u>	<u>112,379</u>	<u>274,188</u>
Total Expenditures	<u>8,926,516</u>	<u>1,366,825</u>	<u>1,378,554</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(439,955)</u>	<u>203,940</u>	<u>(417,351)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers From Other Funds			406,250
Transfers To Other Funds	<u>(829,124)</u>		
Total Other Financing Sources (Uses)	<u>(829,124)</u>		<u>406,250</u>
Net Change in Fund Balances	(1,269,079)	203,940	(11,101)
Fund Balances - Beginning	5,245,051	2,511,936	16,315
Fund Balances - Ending	<u>\$ 3,975,972</u>	<u>\$ 2,715,876</u>	<u>\$ 5,214</u>

The accompanying notes are an integral part of the financial statements.



**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 406,889	\$ 5,981,655
	296,175
	748,399
1,761,963	4,290,330
	812,669
49,393	987,601
1,101	121,046
<u>2,219,346</u>	<u>13,237,875</u>
325,000	2,503,883
712,674	3,873,325
	509,216
4,599	41,784
3,500	641,718
	1,254,446
462,474	862,525
967,280	2,698,991
107,034	1,868,568
<u>2,582,561</u>	<u>14,254,456</u>
<u>(363,215)</u>	<u>(1,016,581)</u>
422,874	829,124
	(829,124)
<u>422,874</u>	
59,659	(1,016,581)
253,810	8,027,112
<u>\$ 313,469</u>	<u>\$ 7,010,531</u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**OLDHAM COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - Total Governmental Funds	\$ (1,016,581)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,764,245
Depreciation expense	(1,329,169)
Difference between amount of proceeds of capital assets sold and gain reported	(6,500)
Change in notes receivable as a result of payment on debt by the Oldham County Sewer District	(65,000)
Financing obligations and bond principal payments are expensed in the Governmental Funds as a use of current financial resources. However, these amounts decrease non-current liabilities on the statement of net assets and have been eliminated on the statement of activities	
Financing Obligations	186,000
Revenue Bonds	240,000
General Obligation Bonds	<u>115,000</u>

Change in Net Assets of Governmental Activities	<u>\$ (112,005)</u>
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**OLDHAM COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2004**





**OLDHAM COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2004**

	<b>Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 7,351
Total Current Assets	<u>7,351</u>
<b>Net Assets</b>	
Unrestricted	7,351
Total Net Assets	<u><u>\$ 7,351</u></u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<b>Enterprise</b> <b>Fund</b> <hr/> <b>Jail</b> <b>Canteen</b> <b>Fund</b> <hr/>
<b>Operating Revenues</b>	
Canteen Revenues	\$ 71,422
Total Operating Revenues	<hr/> 71,422
<b>Operating Expenses</b>	
Cost of Goods Sold and Other Expenses	<hr/> 75,307
Total Operating Expenses	<hr/> 75,307
Operating Loss	<hr/> (3,885)
Change In Net Assets	(3,885)
Total Net Assets - Beginning	<hr/> 11,236
Total Net Assets - Ending	<hr/> <hr/> \$ 7,351

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**





**OLDHAM COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<b>Enterprise</b> <b>Fund</b> <hr/> <b>Jail</b> <b>Canteen</b> <b>Fund</b> <hr/>
<b>Cash Flows From Operating Activities</b>	
Canteen Receipts	\$ 71,422
Cost of Goods Sold and Other Expenses	<hr/> (75,307)
Net Cash Used By	
Operating Activities	<hr/> (3,885)
Net Decrease in Cash and Cash	
Equivalents	(3,885)
Cash and Cash Equivalents - July 1, 2003	<hr/> 11,236
Cash and Cash Equivalents - June 30, 2004	<hr/> \$ 7,351 <hr/>
<b>Reconciliation of Operating Income to</b>	
<b>Net Cash Used by Operating</b>	
<b>Activities</b>	
Operating Loss	<hr/> \$ (3,885)
Net Cash Used By Operating	
Activities	<hr/> \$ (3,885) <hr/>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2004**



**OLDHAM COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2004**

	<u><b>Agency Fund Planning and Zoning Bond Escrow Fund</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 245,386
Total Assets	<u>245,386</u>
<b>Liabilities</b>	
Amounts Held In Custody For Others	245,386
Total Liabilities	<u>\$ 245,386</u>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	49
NOTE 2.	DEPOSITS AND INVESTMENTS .....	55
NOTE 3.	CAPITAL ASSETS .....	57
NOTE 4.	LONG-TERM DEBT.....	59
NOTE 5.	INTEREST ON LONG-TERM DEBT .....	62
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM.....	62
NOTE 7.	DEFERRED COMPENSATION .....	63
NOTE 8.	INSURANCE .....	63
NOTE 9.	CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS.....	63
NOTE 10.	ESTIMATED INFRASTRUCTURE HISTORICAL COST .....	63
NOTE 11.	SUBSEQUENT EVENT .....	63
NOTE 12.	SUBSEQUENT EVENT .....	64

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on the Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances), if applicable.

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Oldham County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

**Blended Component Unit**

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Oldham County Public Facilities Corporation**

The Public Facilities Construction Corporation (PFCC) was created for the financing and renovation of the Oldham County Courthouse and financing and construction of a recreation center. Fiscal Court has the authority to appoint a voting majority of the PFCC's board of directors and PFCC was deemed a component unit of the County. Financial information for the Public Facilities Construction Corporation is blended within Oldham County's financial statements and is presented as the Public Facilities Construction Corporation Fund

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the data of the following organization. It is reported on the Statement of Net Assets and the Statement of Activities in a separate column that is labeled as "Component Unit" to emphasize this organization's separateness from the fiscal court's primary government.

Oldham County Sewer District

The Oldham County Sewer District (the District) was created and exists pursuant to the provisions of Kentucky Revised Statutes 67.033(c)(h) and (r) and 67.715(2) and by the Fiscal Court. The District was created with the mission to provide a coordinated design and operational solution for wastewater service in Oldham County. The Fiscal Court appoints a majority of the District's board and the District was deemed a component unit of Oldham County Fiscal Court. The Oldham County Sewer District is included as a discretely presented component unit on Oldham County's financial statements and was audited by other auditors.

*Audited financial statements for the Oldham County Sewer District, a discretely presented component unit, may be requested by contacting the Oldham County Sewer District, P.O. Box 809, Crestwood, Kentucky 40014.*

**C. Oldham County Elected Officials Not Part Of Oldham County, Kentucky**

Kentucky law provides for election of the officials below from the geographic area constituting Oldham County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Oldham County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff



**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary Funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds**

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these revenues and expenditures separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the fiscal court to maintain these revenues and expenditures separately from the General Fund.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, Sheriff's Federal Grant Fund, Central Dispatch Fund, Local Emergency Planning Committee Fund, Homeland Security Fund, County Police Accounts Fund, and the Public Facilities Construction Corporation Fund. These funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes. The Local Government Economic Assistance Fund, Sheriff's Federal Grant Fund, Central Dispatch Fund, Local Emergency Planning Committee Fund, Homeland Security Fund, and the County Police Accounts Fund (which accounts for seized funds, donations, and drug forfeitures) are special revenue funds and the Public Facilities Construction Corporation Fund is a Debt Service Fund.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services and administrative expenses. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**Fiduciary Funds**

Fiduciary funds are defined as funds used to report assets held in a trustee or agency capacity for others which, therefore, cannot be used to support the government's own programs. This category of funds includes agency funds. The government's fiduciary funds are described below.

Agency funds account for monies held by the County for custodial purpose only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The agency fund of Oldham County is the Planning and Zoning Bond Escrow Fund.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets (Continued)**

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	20-25
Buildings and Building Improvements	\$ 5,000	10-60
Machinery and Equipment	\$ 5,000	3-20
Vehicles	\$ 5,000	3-12
Infrastructure	\$ 5,000	12-25

**G. Long-term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose and encumbrances, if applicable.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance, if applicable.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. Formal budgets are not adopted for the Public Facilities Construction Corporation Fund and the Jail Canteen Fund.

The State Local Finance Officer does not require the Public Facilities Construction Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Jail Canteen Fund to be budgeted because the fiscal court does not approve the expenses made from these funds.

**J. Related Organizations**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Oldham County Fiscal Court: Oldham County Ambulance Service and the Oldham County Public Library.

**Note 2. Deposits and Investments**

**A. Deposits**

The primary government and component units maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2004, the primary government and component units' deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the primary government or component units as beneficiary/obligee on the bond.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments Included In Cash Equivalents**

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

	Category			Carrying	Market
Investments	1	2	3	Amount	Value
<b>Primary Government:</b>					
Governmental					
Securities	<u>\$ 191,328</u>	<u>\$</u>	<u>\$</u>	<u>\$ 191,328</u>	<u>\$ 191,328</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2004 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,178,911	\$ 47,000	\$	\$ 1,225,911
Construction In Progress	2,426,656	39,840	(2,426,656)	39,840
Total Capital Assets Not Being Depreciated	3,605,567	86,840	(2,426,656)	1,265,751
Capital Assets, Being Depreciated:				
Buildings	12,801,089	3,051,392		15,852,481
Building Improvements	209,204	84,953		294,157
Vehicles	2,339,917	303,007	(225,627)	2,417,297
Equipment	1,107,532	438,924		1,546,456
Infrastructure	9,153,896	225,785		9,379,681
Total Capital Assets Being Depreciated	25,611,638	4,104,061	(225,627)	29,490,072
Less Accumulated Depreciation For:				
Buildings	(2,249,076)	(284,525)		(2,533,601)
Building Improvements	(28,473)	(12,901)		(41,374)
Vehicles	(1,483,240)	(286,938)	219,127	(1,551,051)
Equipment	(504,249)	(132,637)		(636,886)
Infrastructure	(3,025,188)	(612,168)		(3,637,356)
Total Accumulated Depreciation	(7,290,226)	(1,329,169)	219,127	(8,400,268)
Total Capital Assets, Being Depreciated, Net	18,321,412	2,774,892	(6,500)	21,089,804
Governmental Activities Capital Assets, Net	\$ 21,926,979	\$ 2,861,732	\$ (2,433,156)	\$ 22,355,555

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 3. Capital Assets (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 306,051
Protection to Persons and Property	245,628
General Health and Sanitation	39,402
Recreation and Culture	93,766
Roads, Including Depreciation of General Infrastructure Assets	<u>644,322</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,329,169</u>

Capital asset activity for the discretely presented component unit for the year ended June 30, 2004 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$	\$ 108,700	\$	\$ 108,700
Construction In Progress	82,345	174,455		256,800
Total Capital Assets Not Being Depreciated	82,345	283,155		365,500
Capital Assets, Being Depreciated:				
Sewer Distribution System/ Treatment Plant	5,444,210	1,494,259		6,938,469
Office Equipment	19,593	14,032		33,625
Vehicles	33,446	53,367		86,813
Total Capital Assets Being Depreciated	5,497,249	1,561,658		7,058,907
Less Accumulated Depreciation	(447,411)	(228,429)		(675,840)
Total Capital Assets, Being Depreciated, Net	5,049,838	1,333,229		6,383,067
Capital Assets, Net	\$ 5,132,183	\$ 1,616,384	\$	\$ 6,748,567



**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 3. Capital Assets (Continued)**

Depreciation expense was charged to functions of the discretely presented major component units as follows:

Oldham County Sewer District	<u>\$ 228,429</u>
Total Depreciation Expense - Component Unit	<u><u>\$ 228,429</u></u>

**Note 4. Long-term Debt**

**A. Fiscal Court Building-Financing Obligations**

On June 8, 1992, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,381,000 at 5.49 percent for work on the Oldham County Fiscal Court Building. The lease was refinanced on May 7, 2001. The lease term for this agreement is 11 years at an interest rate of 4.2% with the balance to be paid in full January 20, 2012. The principal balance on the lease was \$726,000 as of June 30, 2004. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 79,000	\$ 33,832
2006	82,000	29,915
2007	85,000	25,851
2008	89,000	21,621
2009	92,000	17,215
2010-2012	<u>299,000</u>	<u>23,452</u>
Totals	<u>\$ 726,000</u>	<u>\$ 151,886</u>

**B. Sewer District-Financing Obligations and Note Receivable**

On June 14, 2001, the fiscal court on behalf of the Oldham County Sewer District entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$4,000,000 at an interest rate of 4.94% for acquisition of various local wastewater treatment facilities, renovation thereto, and the professional and administrative fees incurred in this acquisition. The lease term is for 30 years with the balance to be paid in full on January 20, 2031. The Oldham County Sewer District makes the principal and interest payments to National City Bank (the trustee). The principal remaining on the financing obligation and corresponding note receivable balance on the lease was \$3,810,000 as of June 30, 2004. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**B. Sewer District-Financing Obligations and Note Receivable (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 70,000	\$ 212,539
2006	75,000	208,486
2007	75,000	204,270
2008	80,000	199,937
2009	85,000	195,323
2010-2014	475,000	900,959
2015-2019	625,000	748,195
2020-2024	800,000	548,609
2025-2029	1,030,000	294,892
2030-2031	495,000	30,567
Totals	<u>\$ 3,810,000</u>	<u>\$ 3,543,777</u>

**C. First Mortgage Revenue Bond, Series 1994-Courthouse**

Oldham County Public Facilities Construction Corporation issued first mortgage revenue bonds, series 1994, dated August 1, 1994, to fund renovation of the Oldham County Courthouse. These bonds were issued at 5.50%, 5.70%, and 5.75%, and will be retired by August 1, 2014. Interest payments are due on February 1; interest and principal August 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 120,000	\$ 93,160
2006	130,000	86,035
2007	135,000	78,483
2008	145,000	70,502
2009	150,000	62,095
2010-2014	905,000	166,213
2015	105,000	3,019
Totals	<u>\$ 1,690,000</u>	<u>\$ 559,507</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**D. First Mortgage Revenue Bond, Series 1994-Recreation Center**

Oldham County Public Facilities Construction Corporation issued first mortgage revenue bonds, series 1997, dated June 1, 1997, to fund the acquisition, construction, and equipping of a recreation center and related facilities. These bonds were issued at varying interest rates ranging from 3.90% to 5.25%, and will be retired by June 1, 2017. Interest payments are due on December 1 and interest and principal June 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 130,000	\$ 116,990
2006	135,000	111,010
2007	145,000	104,665
2008	150,000	97,705
2009	155,000	90,355
2010-2014	915,000	323,298
20015-2017	670,000	71,663
Totals	<u>\$ 2,300,000</u>	<u>\$ 915,686</u>

**E. General Obligation Bonds, Series 2002-Fiscal Court Building**

Oldham County Fiscal Court issued general obligation bonds of \$3,170,000, series 2002, dated June 20, 2002, to finance a portion of the costs of acquiring, constructing and equipping additions to the county courthouse annex (the fiscal court building). These bonds were issued at varying interest rates ranging from 2.25% to 4.7%, and will be retired by June 1, 2022. Interest payments are due on December 1 and interest and principal June 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2005	\$ 120,000	\$ 122,204
2006	120,000	119,504
2007	125,000	115,904
2008	130,000	111,841
2009	130,000	107,291
2010-2014	745,000	455,890
2015-2019	915,000	283,790
2020-2022	660,000	62,875
Totals	<u>\$ 2,945,000</u>	<u>\$ 1,379,299</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**F. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 3,060,000	\$	\$ 115,000	\$ 2,945,000	\$ 120,000
Revenue Bonds	4,230,000		240,000	3,990,000	250,000
Financing Obligations	4,722,000		186,000	4,536,000	149,000
Governmental Activities					
Long-term Liabilities	<u>\$ 12,012,000</u>	<u>\$ 0</u>	<u>\$ 541,000</u>	<u>\$11,471,000</u>	<u>\$ 519,000</u>

**Note 5. Interest On Long-term Debt**

Interest on long-term debt on the Statement of Activities includes \$255,569 in interest on financing obligations and \$347,264 in interest on bonds.

**Note 6. Employee Retirement System**

The fiscal court and the Oldham County Sewer District, a discretely presented component unit, have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.51 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 7. Deferred Compensation**

The Oldham County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. That report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority, 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at (502-) 573-7925.

**Note 8. Insurance**

For the fiscal year ended June 30, 2004, Oldham County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 9. Changes in Accounting Principles and Prior Period Adjustments**

The county has implemented Governmental Accounting Standards Board (GASB) Statements 33, 34 and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements. The effect of this change on the beginning net assets of the governmental activities is an increase of \$13,839,542, due to capital assets, note receivable, County Police Accounts Fund, and long-term debt previously not reported.

**Note 10. Estimated Infrastructure Historical Cost**

Infrastructure historical cost is an estimate. The primary government estimated the year infrastructure was built by determining when a major reconstruction had been done on infrastructure. Then current year construction cost was deflated back to this estimated year of construction or reconstruction to arrive at estimated historical cost.

**Note 11. Subsequent Event**

Subsequent to end of fiscal year ended June 30, 2004, it was learned that an alleged fraud had occurred at the Oldham County Sewer District, a discretely presented component unit. The investigation is ongoing and the amount of money allegedly stolen in fiscal year 2004 is unknown at this time.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 12. Subsequent Event**

On May 3, 2005, Oldham County Fiscal Court passed a resolution for investigation of financial affairs wherein the Court ordered an investigation into the Court's financial affairs by the Auditor of Public Accounts with special attention to certain personnel matters, late fees, training, and other irregularities as may appear. The outcome of this investigation was incomplete at the release date of this report.

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**





**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2004**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 4,821,000	\$ 4,821,000	\$ 5,199,854	\$ 378,854
Excess Fees	25,195	25,195	296,175	270,980
Licenses and Permits	667,500	667,500	743,299	75,799
Intergovernmental Revenue	295,134	466,511	653,362	186,851
Charges for Services	600,860	600,860	571,013	(29,847)
Miscellaneous	642,400	709,607	908,196	198,589
Interest	75,000	75,000	68,776	(6,224)
Total Revenues	7,127,089	7,365,673	8,440,675	1,075,002
<b>EXPENDITURES</b>				
General Government	2,192,542	2,324,672	2,178,883	145,789
Protection to Persons and Property	2,091,394	2,188,630	2,056,285	132,345
General Health and Sanitation	598,272	589,001	509,216	79,785
Social Services	50,000	48,907	37,185	11,722
Recreation and Culture	683,791	683,791	638,218	45,573
Debt Service	613,906	595,917	354,165	241,752
Capital Projects	150,000	174,122	166,886	7,236
Administration	1,407,632	1,366,212	1,375,332	(9,120)
Total Expenditures	7,787,537	7,971,252	7,316,170	655,082
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(660,448)	(605,579)	1,124,505	1,730,084
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds				
Transfers To Other Funds			(829,124)	829,124
Total Other Financing Sources (Uses)			(829,124)	829,124
Net Changes in Fund Balance	(660,448)	(605,579)	295,381	900,960
Fund Balance - Beginning			5,245,051	5,245,051
Fund Balance - Ending	\$ (660,448)	\$ (605,579)	\$ 5,540,432	\$ 6,146,011

**Reconciliation to the Statement of Revenues, Expenditures,  
and Changes in Fund Balances:**

Fund Balance-Ending	\$ 5,540,432
Prior Year Voided Check	365
Fiscal Court Addition Construction Not Budgeted	(624,736)
Sewer Construction/Acquisition Not Budgeted	(940,089)
Fund Balance - Ending	<u>\$ 3,975,972</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 378,500	\$ 378,500	\$ 374,912	\$ (3,588)
Licenses and Permits			5,100	5,100
Intergovernmental Revenue	1,473,608	1,473,608	1,025,799	(447,809)
Charges for Services			110,195	110,195
Miscellaneous	3,000	3,000	3,726	726
Interest	55,000	55,500	51,033	(4,467)
Total Revenues	<u>1,910,108</u>	<u>1,910,608</u>	<u>1,570,765</u>	<u>(339,843)</u>
<b>EXPENDITURES</b>				
Roads	2,216,924	2,240,899	1,254,446	986,453
Administration	185,425	161,450	112,379	49,071
Total Expenditures	<u>2,402,349</u>	<u>2,402,349</u>	<u>1,366,825</u>	<u>1,035,524</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(492,241)</u>	<u>(491,741)</u>	<u>203,940</u>	<u>695,681</u>
Net Changes in Fund Balance	(492,241)	(491,741)	203,940	695,681
Fund Balance - Beginning			2,511,936	2,511,936
Fund Balance - Ending	<u>\$ (492,241)</u>	<u>\$ (491,741)</u>	<u>\$ 2,715,876</u>	<u>\$ 3,207,617</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>JAIL FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 746,550	\$ 746,550	\$ 803,320	\$ 56,770
Charges for Services	74,640	74,640	131,461	56,821
Miscellaneous	40,000	40,000	26,286	(13,714)
Interest			136	136
Total Revenues	<u>\$ 861,190</u>	<u>\$ 861,190</u>	<u>\$ 961,203</u>	<u>\$ 100,013</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	\$ 1,039,899	\$ 1,104,366	\$ 1,104,366	\$
Administration	283,786	274,188	274,188	
Total Expenditures	<u>\$ 1,323,685</u>	<u>\$ 1,378,554</u>	<u>\$ 1,378,554</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(462,495)</u>	<u>(517,364)</u>	<u>(417,351)</u>	<u>100,013</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			406,250	406,250
Transfers To Other Funds				
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u>406,250</u>	<u>406,250</u>
Net Changes in Fund Balance	(462,495)	(517,364)	(11,101)	506,263
Fund Balance - Beginning			16,315	16,315
Fund Balance - Ending	<u>\$ (462,495)</u>	<u>\$ (517,364)</u>	<u>\$ 5,214</u>	<u>\$ 522,578</u>

**OLDHAM COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2004**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. Formal budgets are not adopted for the Jail Canteen Fund and the Public Facilities Construction Corporation.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**OLDHAM COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2004**

**OLDHAM COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2004**

	<b>LGEA Fund</b>	<b>Central Dispatch Fund</b>	<b>Local Emergency Planning Committee Fund</b>	<b>Homeland Security Fund</b>	<b>Sheriff's Federal Grant Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 84,204	\$ 31,556	\$ 6,195	\$ 218	\$
Total Assets	<u>\$ 84,204</u>	<u>\$ 31,556</u>	<u>\$ 6,195</u>	<u>\$ 218</u>	<u>\$</u>
<b>FUND BALANCES</b>					
Reserved:					
Special Revenue Funds	\$	\$	\$	\$	\$
Unreserved:					
Special Revenue Funds	84,204	31,556	6,195	218	
Debt Service Fund					
Total Fund Balances	<u>\$ 84,204</u>	<u>\$ 31,556</u>	<u>\$ 6,195</u>	<u>\$ 218</u>	<u>\$ 0</u>

**OLDHAM COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**June 30, 2004**  
**(Continued)**

County Police Accounts Fund	Public Facilities Construction Corporation Fund	Total Non-Major Governmental Funds
\$ 51,199	\$ 140,097	\$ 313,469
\$ 51,199	\$ 140,097	\$ 313,469
\$ 51,199	\$	\$ 51,199
		122,173
	140,097	140,097
\$ 51,199	\$ 140,097	\$ 313,469

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**OLDHAM COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2004**

**OLDHAM COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2004**

	<b>LGEA Fund</b>	<b>Central Dispatch Fund</b>	<b>Local Emergency Planning Committee Fund</b>	<b>Homeland Security Fund</b>
<b>REVENUES</b>				
Taxes	\$	\$ 406,889	\$	\$
Intergovernmental	1,161,737	91,930		9,891
Miscellaneous				
Interest	652	72	40	
Total Revenues	<u>\$ 1,162,389</u>	<u>\$ 498,891</u>	<u>\$ 40</u>	<u>\$ 9,891</u>
<b>EXPENDITURES</b>				
General Government	\$ 100,000	\$	\$	\$
Protection to Persons and Property	22,716	574,935	1,007	9,673
Social Services	4,599			
Recreation and Culture	3,500			
Debt Service				
Capital Projects	967,280			
Administration		107,034		
Total Expenditures	<u>\$ 1,098,095</u>	<u>\$ 681,969</u>	<u>\$ 1,007</u>	<u>\$ 9,673</u>
Excess (deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>64,294</u>	<u>(183,078)</u>	<u>(967)</u>	<u>218</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds		193,606		
Total Other Financing Sources (Uses)		<u>193,606</u>		
Net Change in Fund Balances	64,294	10,528	(967)	218
Fund Balances - Beginning	19,910	21,028	7,162	
Fund Balances - Ending	<u>\$ 84,204</u>	<u>\$ 31,556</u>	<u>\$ 6,195</u>	<u>\$ 218</u>

## OLDHAM COUNTY

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

## Other Supplementary Information

For The Year Ended June 30, 2004

(Continued)

Sheriff's Federal Grant Fund	County Police Accounts Fund	Public Facilities Construction Corporation Fund	Total Non-Major Governmental Funds
\$	\$	\$	\$
225,000	56,405	217,000	406,889
	49,393		1,761,963
	181	156	49,393
			1,101
<u>\$ 225,000</u>	<u>\$ 105,979</u>	<u>\$ 217,156</u>	<u>\$ 2,219,346</u>
\$ 225,000	\$	\$	\$
	104,343		325,000
			712,674
			4,599
			3,500
		462,474	462,474
			967,280
			107,034
<u>\$ 225,000</u>	<u>\$ 104,343</u>	<u>\$ 462,474</u>	<u>\$ 2,582,561</u>
	1,636	(245,318)	(363,215)
		229,268	422,874
		229,268	422,874
	1,636	(16,050)	59,659
	49,563	156,147	253,810
<u>\$</u>	<u>\$ 51,199</u>	<u>\$ 140,097</u>	<u>\$ 313,469</u>

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**OLDHAM COUNTY  
COMMENT AND RECOMMENDATION**

**For The Year Ended June 30, 2004**



**OLDHAM COUNTY  
COMMENT AND RECOMMENDATION**

**Fiscal Year Ended June 30, 2004**

NONCOMPLIANCES

Grant To Encourage Arrest Policies And Enforcement Of Protection Orders Program Receipt And Expenditure Not Budgeted

A federal grant to Encourage Arrest Policies and Enforcement of Protection Orders Program was received by the county and passed on to the Oldham County Sheriff. Neither the receipt of the grant nor the expenditure (pass through to Sheriff) was budgeted or accounted for on the quarterly report. We recommend the fiscal court budget all receipts and expenditures of the grant and show them on the quarterly report.

*County Judge/Executive Mary Ellen Kinser's Response:*

*The grant to Encourage Arrest Policies and Enforcement of Protection Orders Program became a budgeted revenue and expenditure in the Fiscal Year 2005 budget.*

PRIOR YEAR FINDINGS

Grant To Encourage Arrest Policies And Enforcement Of Protection Orders Program Receipt And Expenditure Not Budgeted

A federal grant to Encourage Arrest Policies and Enforcement of Protection Orders Program was received by the county and passed on to the Oldham County Sheriff. Neither the receipt of the grant or the expenditure (pass through to Sheriff) were budgeted or accounted for on the quarterly report. We recommend the fiscal court budget all receipts and expenditures of the grant and show them on the quarterly report.

*County Judge/Executive Mary Ellen Kinser's Response:*

*This procedure was implemented on the Second Quarter, 2004 report. This grant will be shown as a budget amendment for 2003-2004.*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Mary Ellen Kinser, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oldham County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated January 10, 2005. Oldham County presents its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Oldham County Sewer District, a discretely presented component unit, was tested for compliance and internal control requirements in accordance with Government Auditing Standards by other auditors, whose report has been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oldham County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oldham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- Grant To Encourage Arrest Policies And Enforcement Of Protection Orders Program Receipt And Expenditure Not Budgeted

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
January 10, 2005

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**OLDHAM COUNTY FISCAL COURT**

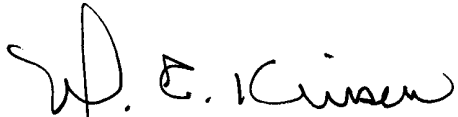
**For The Fiscal Year Ended  
June 30, 2004**

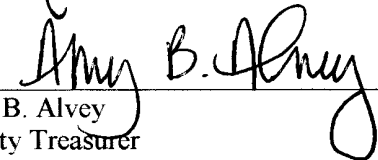


CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
OLDHAM COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2004

The Oldham County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Mary Ellen Kinser  
County Judge/Executive

  
\_\_\_\_\_  
Amy B. Alvey  
County Treasurer